

FY 1999-2000 Budget Detail for

GENERAL GOVERNMENT

**Attorney General
Civil Rights
Civil Service
Executive
Legislative Auditor General
Legislature
Library
Management and Budget
State
Treasury-Operations
Lottery
Treasury-Revenue Sharing/Debt Service**

ATTORNEY GENERAL

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	574.0	575.0	1.0	0.2
GROSS	\$56,264,600	\$55,132,300	(\$1,132,300)	(2.0)
IDG/IDT	8,177,800	8,686,800	509,000	6.2
ADJUSTED GROSS	\$48,086,800	\$46,445,500	(\$1,641,300)	(3.4)
FEDERAL	7,390,400	6,401,700	(988,700)	(13.4)
LOCAL	0	0	0	0.0
PRIVATE	1,068,900	1,106,800	37,900	3.5
OTHER	6,440,300	6,858,200	417,900	6.5
GF/GP	\$33,187,200	\$32,078,800	(\$1,108,400)	(3.3)

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - ATTORNEY GENERAL

The Attorney General is an elected constitutional officer and serves as the chief law enforcement officer of the state. The Attorney General's powers are prescribed in the Constitution, statute, and court decisions. The Attorney General serves as the legal counsel for state departments, agencies, boards, commissions, and the Legislature. The Attorney General defends the state in court and brings actions and intervenes in cases on the state's behalf. The Attorney General also has supervisory powers over local prosecuting attorneys. The Department of Attorney General has 42 legal and three administrative divisions. Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and objective of the Department does not change from year to year.

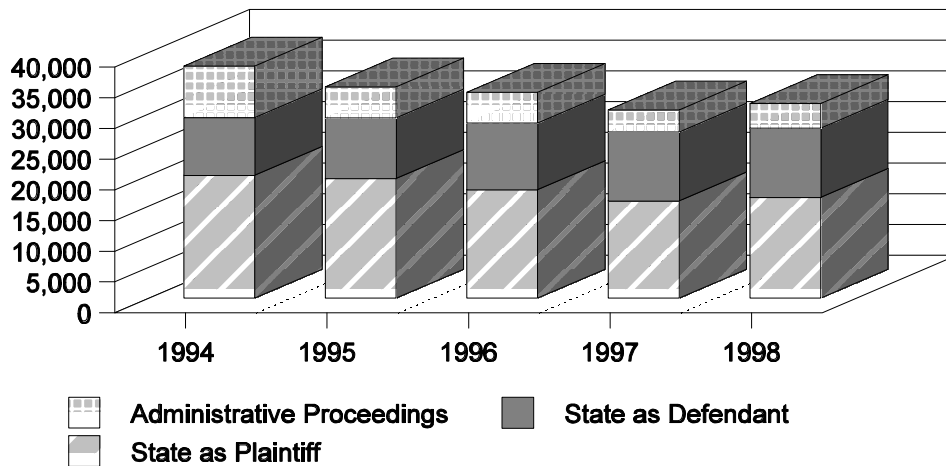
The Department also houses the Prosecuting Attorneys Coordinating Council (PACC), an autonomous (Type I) agency. The PACC provides services to prosecutors, their assistants, and other staff. These services include providing continuing professional education, publishing legal documents, providing legal research assistance, coordinating office automation efforts, and coordinating statewide prosecution activities.

Public Act 124 represents an overall decrease of 2.0% for Department operations and a 3.3% decrease in GF/GP support from current year-to-date appropriation levels. The decrease in Gross and GF/GP levels is the result of one-time supplemental appropriations provided in FY 1998-99. Discounting the supplemental appropriations, the Department realized a 4.6% increase in Gross appropriations and 4.3% increase in GF/GP appropriations.

The FY 1999-2000 budget contains additional state restricted revenue funding and position authorizations in the Casino Control and Retirement Divisions to meet an increase in demand for services. The budget also contains a funding shift between transportation funds to support the Department's legal services provided to the Department of Transportation.

The Department is in the process of upgrading its technology to meet the increasing demands for legal services from client agencies. To facilitate this upgrade, a \$2.3 million supplemental appropriation is provided for FY 1998-99 to upgrade computer hardware and software and to enhance communications. Also, FY 1998-99 funding (\$132,800 GF/GP) is provided to support expansion of a federal Byrne Grant to combat money laundering in southeast Michigan.

**Department of Attorney General Pending Cases
1994 through 1998**



Source: Department of Attorney General

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. Program Enhancement - Casino Control Division

The budget provides funding and FTE authorizations for two additional positions within the Casino Control Division due to increased work associated with the temporary casinos in Detroit. The FY 1998-99 budget includes four attorney and two support positions for the work of this Division. The additional funding would come through an interdepartmental grant from the Michigan Gaming Control Board.

FTEs 2.0
Gross \$163,900
 GF/GP \$0

2. Program Enhancement - Retirement Division

The budget provides funding and FTE authorizations for two additional positions within the Retirement Division, which provides legal services on various issues involving the state retirement systems.

FTEs 2.0
Gross \$163,900
 GF/GP \$0

3. Funding Shift - Transportation Funding

The budget reflects a \$2.5 million funding shift between transportation funds to support the Department's legal services provided to the Department of Transportation on state highway negligence cases and legal work associated with state trunkline roads. Grants from the State Trunkline Fund (\$2,353,600) and the Comprehensive Transportation Fund (\$121,600) are replaced with a single grant from the Michigan Transportation Fund.

FTEs 0.0
Gross \$0
 GF/GP \$0

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

4. Federal Match Requirement - Byrne Grants

The Department has been a recipient of a number of Bryne Grants from the U.S. Department of Justice over the past years. Two of the grants will require a change to the state matching level. The budget includes additional GF/GP funding to meet the revised state match requirement.

Gross	\$0
GF/GP	\$95,200

ECONOMICS: FY 1999-2000

1. Standard Economic Increases

The budget provides funding for standard economic increases associated with salaries and wages, insurances, retirement, motor transport, building occupancy, and worker's compensation.

Gross	\$2,029,400
GF/GP	1,137,600

2. Unclassified Salaries

Funding is included to provide the Department's five unclassified employees with a 3.0% salary increase. The Attorney General's salary is set for each four-year term by the Legislature and is currently \$124,900.

Gross	\$12,900
GF/GP	12,900

MAJOR BOILERPLATE CHANGES: FY 1999-2000

Casino Gaming Employees

Current-year language prohibiting employees assigned to casino gaming oversight activities from working for a licensed gaming establishment for two years after termination of state employment is removed (Section 304 of current year). This language appears in 1997 PA 69, amendments to the Michigan Gaming Control and Revenue Act.

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Technology Enhancements

A \$2.3 million GF/GP supplemental appropriation is provided for technology enhancements. The funding will support computer software and hardware upgrades and communication enhancements.

Gross	\$2,300,000
GF/GP	\$2,300,000

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

2. Bryne Grant

The Department has received authorization from the U.S. Department of Justice to create a Southeast Michigan Section under its Bryne Grant to combat money laundering. The grant will require a 25% state match.

Gross
GF/GP

\$531,100
\$132,800

CIVIL RIGHTS

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	171.5	171.5	0.0	0.0
GROSS	\$14,104,800	\$14,623,300	\$518,500	3.7
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$14,104,800	\$14,623,300	\$518,500	3.7
FEDERAL	1,600,000	1,634,000	34,000	2.1
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
OTHER	0	0	0	0.0
GF/GP	\$12,504,800	\$12,989,300	\$484,500	3.9

SB 366

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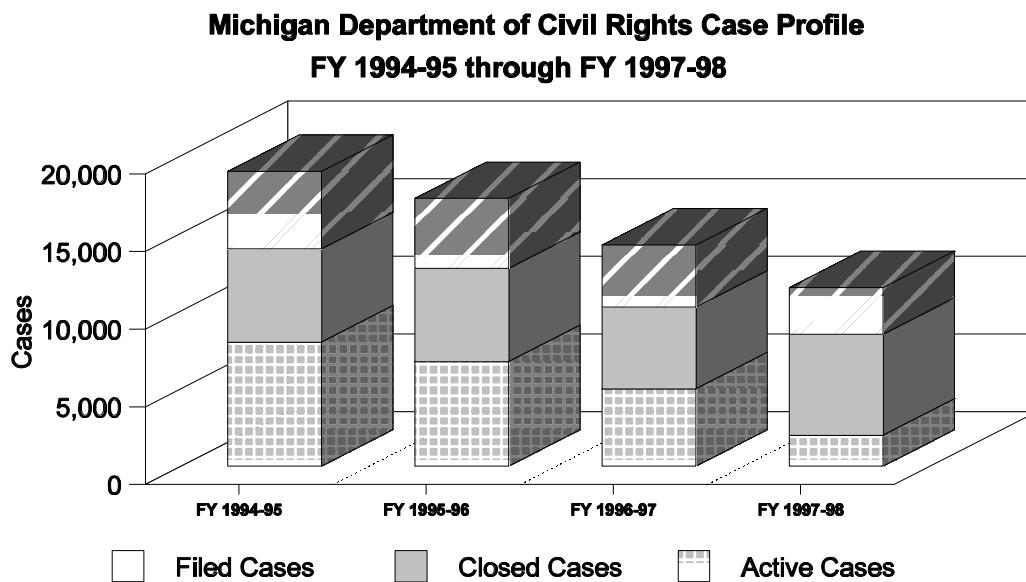
Effective
7/23/99

OVERVIEW - CIVIL RIGHTS

The Department of Civil Rights serves as the administrative arm charged with implementing the policies of the constitutionally-established Michigan Civil Rights Commission. The Civil Rights Commission is responsible for securing the civil rights of citizens guaranteed by the Constitution and the laws of Michigan. The Department of Civil Rights investigates discrimination allegations in the areas of employment, public accommodation and services, education, and housing. The Department promotes equal opportunity through education and training activities, minority business certification, contract compliance, and affirmative action programs.

The FY 1999-2000 budget provides for an overall increase of 3.7% and an increase of 3.9% in General Fund support for the Department. The FY 1999-2000 funding level represents a continuation budget with no major program revisions.

The chart below highlights the efforts of the Department's backlog reduction initiative over the last four fiscal years.



Source: Department of Civil Rights

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

Program Enhancement - Discrimination Investigations

The budget includes authorization to receive an additional \$34,000 in available federal revenue in FY 1999-2000 through the U.S. Department of Housing and Urban Development for housing discrimination investigations.

FTEs 0.0

Gross \$34,000

GF/GP \$0

ECONOMICS: FY 1999-2000

1. *Standard Economic Adjustments*

The budget includes a net increase for standard economic increases associated with salaries and wages, insurances, retirement, building occupancy, and worker's compensation.

Gross \$474,800

GF/GP \$474,800

2. *Unclassified Salaries*

The budget includes funding to provide 3% salary increases to the Department's five unclassified positions.

Gross \$9,700

GF/GP \$9,700

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

None

CIVIL SERVICE

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	230.5	230.5	0.0	0.0
GROSS	\$34,290,300	\$28,585,500	(\$5,704,800)	(16.6)
IDG/IDT	2,133,700	2,300,000	166,300	7.8
ADJUSTED GROSS	\$32,156,600	\$26,285,500	(\$5,871,100)	(18.3)
FEDERAL	1,279,100	4,779,100	3,500,000	273.6
LOCAL	500,000	1,700,000	1,200,000	240.0
PRIVATE	49,100	150,000	100,900	205.5
OTHER	10,669,000	8,859,200	(1,809,800)	(17.0)
GF/GP	\$19,659,400	\$10,797,200	(\$8,862,200)	(45.1)

SB 366

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7/23/99

OVERVIEW - CIVIL SERVICE

At the direction of the constitutionally-established Civil Service Commission, the Department of Civil Service implements all policies, rules, and procedures dealing with the state's classified workforce. The Department examines candidates for state jobs, classifies all positions, and establishes rates of pay for all positions.

Public Act 124 provides for an overall decrease of 16.6% below current-year appropriated levels, with a decrease of 45.1% in GF/GP support. The decrease in GF/GP funding for FY 1999-2000 partially results from application of the 1% assessment to certain federal funds that were not previously assessed, thereby replacing GF/GP support. Also, the FY 1998-99 year-to-date GF/GP appropriation level contains \$6.9 million in one-time supplemental funding, contributing further to the percentage decrease in GF/GP support from FY 1998-99 to FY 1999-2000.

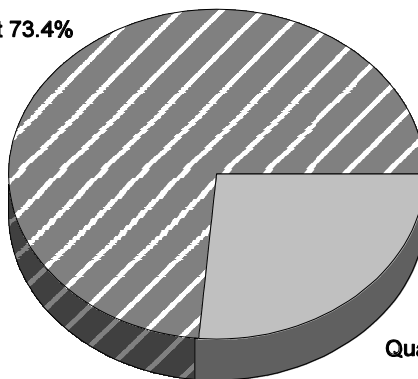
A FY 1998-99 supplemental appropriation of \$6.2 million GF/GP is included for continued implementation of the Human Resources Management Network system. This system will provide integrated personnel, payroll, and employee benefits functionality and data exchange with the state retirement systems.

The chart below highlights the distribution of total costs for the Department by major program outcome for FY 1998-99.

Total Cost Distribution by Major Program Outcome

FY 1998-99

Workforce Acquisition & Management 73.4%



Quality & Accountability 26.6%

Total Cost Distribution
\$34,290,300

Source: Department of Civil Service

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. Program Increase - Employee Training

The budget provides funding for the Department to supply other state agencies and departments with requested training. Funding for this increase will come from user charges paid by the agencies and departments requesting the training.

FTEs	0.0
Gross	\$425,000
GF/GP	\$0

2. Public Act 51 Compliance

Statutory language in 1951 PA 51, as amended, requires the phase-out of Michigan Transportation Fund-supported interdepartmental grants to certain agencies by FY 2000-01. The Department of Civil Service receives funding from the Michigan Transportation Fund through its 1% assessment. The budget replaces the phased-out funding with an equal amount of GF/GP.

FTEs	0.0
Gross	\$0
GF/GP	\$100,000

3. 1% Assessment Adjustments

The budget makes technical changes to the funding sources for Department operations based on estimated 1% assessments. There is a significant increase in federal funding as a result of certain federal funds being eligible for the 1% assessment which were previously thought to be ineligible. A corresponding reduction in the GF/GP appropriation is associated with this technical change. These changes do not impact the gross appropriation level.

FTEs	0.0
Gross	\$0
GF/GP	(\$2,436,500)

ECONOMICS: FY 1999-2000

Standard Economic Increases

The budget provides funding for standard economic increases associated with salaries and wages, insurances, retirement, motor transport, building occupancy, and worker's compensation.

Gross	\$744,900
GF/GP	\$349,000

MAJOR BOILERPLATE CHANGES: FY 1999-2000

1% Assessments of Restricted Funds

The budget includes new language regarding the 1% assessments of restricted funds which are unable to accept the civil service charge. For restricted funds with carry-forward authorization, civil service charges shall be taken from carry-forward balances. For restricted funds that do not have carry-forward authority, priority is granted to satisfying departmental operating deducts first and civil service obligations second. For such funding sources, any shortfall shall be covered by General Fund dollars, subject to approval by the State Budget Director (Section 503).

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Human Resources Management Network System	Gross	\$6,200,000
A one-time FY 1998-99 supplemental appropriation of \$6.2 million GF/GP is provided to continue implementation of the new Human Resources Management Network.	GF/GP	\$6,200,000
2. Technology Enhancements	Gross	\$560,000
Funding is provided in a one-time FY 1998-99 supplemental to support targeted program improvements and modifications to accomodate changes required by implementation of the new Human Resources Management Network.	GF/GP	\$560,000
3. Computer Workstations	Gross	\$114,700
Funding is provided in a one-time FY 1998-99 supplemental to support computer workstation upgrades.	GF/GP	\$114,700

EXECUTIVE OFFICE

PUBLIC ACT 124 OF 1999

Analyst: Robin R. Risko

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	85.0	85.0	0.0	0.0
GROSS	\$5,117,300	\$5,425,100	\$307,800	6.0
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$5,117,300	\$5,425,100	\$307,800	6.0
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
OTHER	0	0	0	0.0
GF/GP	\$5,117,300	\$5,425,100	\$307,800	6.0

SB 366

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2/23/99

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3/25/99

Passed House
5/26/99

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6/17/99

Effective
7/23/99

OVERVIEW - EXECUTIVE OFFICE

The Executive Office provides funding for the Governor, the Lieutenant Governor, their staffs, and for the Office of Regulatory Reform. The Governor is elected by the people to a four-year term and, as Chief Executive Officer of the state, does the following:

- Provides program and policy direction for the Executive branch;
- Supervises the principal departments of the Executive branch;
- Reviews and recommends statutory changes for legislative action;
- May direct an investigation of any department/agency of state government and may require written information from executive and administrative state officers on any subject relating to the performance of their duties;
- May remove elective and appointive officers of the Executive branch for cause, as well as elective county, city, township, and village officers;
- Submits messages to the Legislature and recommends measures considered necessary or desirable;
- Appoints directors of departments and members to state boards and commissions;
- Submits an annual state budget to the Legislature, recommending sufficient revenues to meet proposed expenditures;
- May convene the Legislature in extraordinary session;
- May call special elections to fill vacancies in the Michigan House and Senate;
- May fill vacancies in the U.S. Senate by appointment;
- May grant reprieves, commutations of sentences, and pardons;
- May seek extradition of fugitives from justice who have left the state and may issue warrants at the request of other governors for fugitives who may be found within the state;
- Signs all commissions, patents for state lands, and appoints notaries public and commissioners in other states to take acknowledgments of deeds for this state;
- Serves as Chairperson of the State Administrative Board, which supervises and approves certain state expenditures, and has veto power over its actions; and
- Serves as Commander-in-Chief of the state's armed forces.

The Lieutenant Governor is nominated at party convention and is elected with the Governor. The term of office, beginning in 1966, changed from two years to four years. The Lieutenant Governor:

- Performs gubernatorial functions in the Governor's absence;
- Serves as President of the Michigan Senate, but may vote only in the case of a tie;
- May perform duties requested by the Governor, but no power vested in the Governor by the State Constitution of 1963 may be delegated to the Lieutenant Governor;
- Serves as a member of the State Administrative Board;
- Represents the Governor at a variety of functions; and
- Succeeds the Governor in case of death, impeachment, removal from office, or resignation.

The Office of Regulatory Reform (ORR) is charged with removing unnecessary regulations which impact the business community and with simplifying complex rules where possible. Also, the ORR provides citizens with better and easier access to proposed changes in administrative rules, with information on the rules process, and with the status of new rules.

Public Act 124 provides \$5,425,100 in Gross and GF/GP appropriations for the Executive Office. This reflects an increase in Gross and GF/GP appropriations of \$307,800, or 6.0%, over the current-year appropriated levels.

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

**1. State Officers Compensation Commission (SOCC)
Adjustments**

Included is an additional \$18,100 (Gross and GF/GP) to cover the costs of the salary and expense allowance increases provided by SOCC for the Governor and the Lieutenant Governor. The Governor received a 9% salary increase and the Lieutenant Governor a 3.5% salary increase. Both received a 25% expense allowance increase. (\$14,400 Governor; \$3,700 Lieutenant Governor)

FTEs	0.0
Gross	\$18,100
GF/GP	\$18,100

2. Adjustment to Fund Vacancy

Included is an additional \$100,000 (Gross and GF/GP) in order to fully fund the Unclassified Positions line item. The State Constitution permits eight unclassified positions in the Executive Office.

FTEs	0.0
Gross	\$100,000
GF/GP	\$100,000

ECONOMICS: FY 1999-2000

Economic Adjustments

Included is an additional \$189,700 (Gross and GF/GP) for a 3% salary increase for the unclassified positions, and for standard economic adjustments associated with classified salaries and wages, insurances for employees, retirement plans, and postage.

FTEs	0.0
Gross	\$189,700
GF/GP	\$189,700

MAJOR BOILERPLATE CHANGES: FY 1999-2000

There are no boilerplate provisions for the Executive Office.

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

State Officers Compensation Commission (SOCC) Adjustments

Included in 1999 PA 69 (SB 68) is \$16,900 (Gross and GF/GP) to cover the costs of the salary and expense allowance increases provided by SOCC for the Governor and the Lieutenant Governor. The Governor received a 9% salary increase and the Lieutenant Governor a 3.5% salary increase. Both received a 25% expense allowance increase. (\$13,800 Governor; \$3,100 Lieutenant Governor)

FTEs	0.0
Gross	\$16,900
GF/GP	\$16,900

LEGISLATIVE AUDITOR GENERAL

PUBLIC ACT 124 OF 1999

Analyst: Robin R. Risko

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	n/a	n/a
GROSS	\$13,804,300	\$14,343,400	\$539,100	3.9
IDG/IDT	1,527,100	1,527,100	0	0.0
ADJUSTED GROSS	\$12,277,200	\$12,816,300	\$539,100	4.4
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
OTHER	293,800	293,800	0	0.0
GF/GP	\$11,983,400	\$12,522,500	\$539,100	4.5

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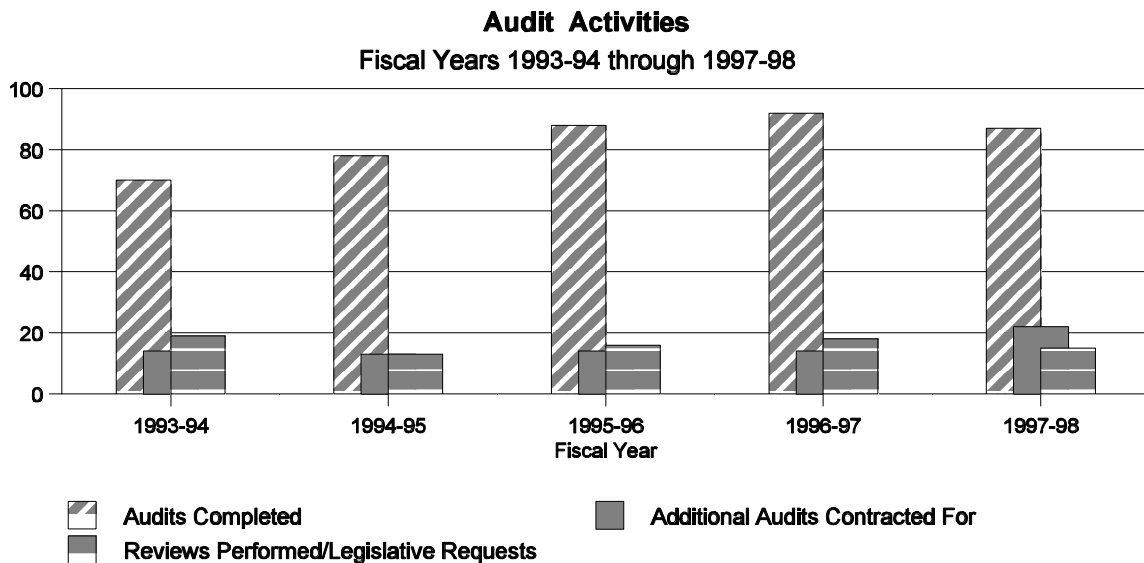
OVERVIEW - LEGISLATIVE AUDITOR GENERAL

The audit function for the State of Michigan is vested in the Legislative branch of government, pursuant to the State Constitution. The Legislative Auditor General is appointed to serve an eight-year term by a majority vote of the members of the House and Senate.

The mission of the Office of the Auditor General is to improve the accountability for public funds and to improve the operations of state government for the benefit of the citizens of the State of Michigan.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. These include financial audits of the State of Michigan Comprehensive Annual Financial Report, federal funds subject to the Federal Single Audit Act of 1984, and individual departments and agencies. Additionally, performance audits are conducted of selected state programs and operations, and individual projects and reports are completed in response to legislative requests. The resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government; provide citizens with a measure of accountability, ensuring that all receipts and expenditures are in accordance with the State Constitution, laws, rules, and procedures; and assist state departments and agencies in improving the financial management and the effectiveness, efficiency, and economy of the activities and programs approved by the Legislature. Below is a chart which depicts the number of audits completed, the number of additional audits contracted for, and the number of reviews performed of specific topics in response to legislative requests for Fiscal Years 1993-94 through 1997-98.

Public Act 124 provides \$14,343,400 in Gross appropriations and \$12,522,500 in GF/GP appropriations for the Office of the Auditor General. This reflects an increase in the Gross appropriation of \$539,100, or 3.9%, with an accompanying GF/GP appropriation increase of \$539,100, or 4.5%, over the current-year appropriated levels.



Source: FY 1994 - FY 1998 Annual Reports of the Michigan Office of the Auditor General

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. Salary Adjustment for the Auditor General

Included is an additional \$12,000 (Gross and GF/GP) for an 11.3% salary increase for the Auditor General.

FTEs	0.0
Gross	\$12,000
GF/GP	\$12,000

2. Salary Adjustment for the Unclassified Positions

Included is an additional \$13,000 (Gross and GF/GP) for an 11.3% salary increase for the two unclassified positions.

FTEs	0.0
Gross	\$13,000
GF/GP	\$13,000

ECONOMICS: FY 1999-2000

Economic Adjustments

Included is an additional \$514,100 (Gross and GF/GP) for standard economic adjustments associated with classified salaries and wages, insurances for employees, retirement plans, and motor transport.

FTEs	0.0
Gross	\$514,100
GF/GP	\$514,100

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

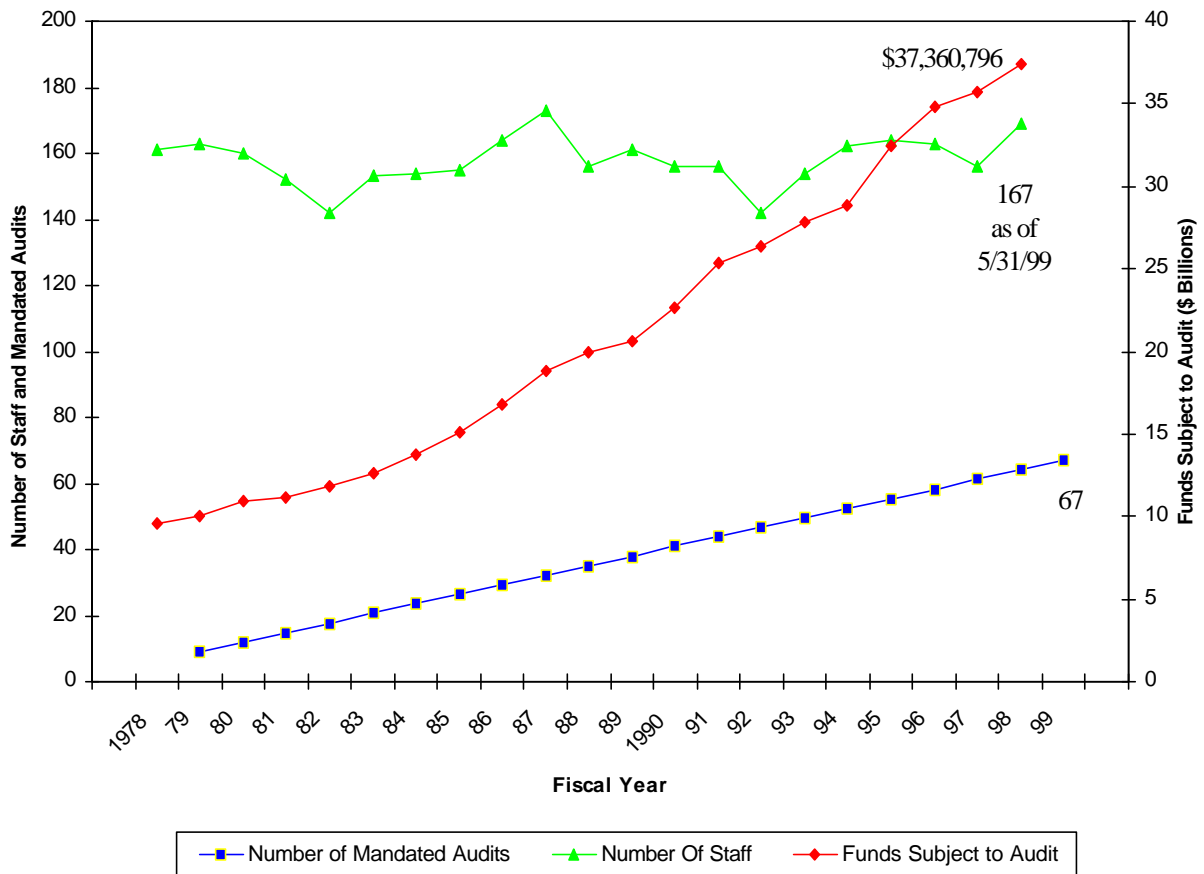
None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

None

Office of the Auditor General

Comparison of Staff Levels, Funds Subject to Audit (in Billions), and Number of Mandated Audits



Source: Office of the Auditor General

LEGISLATURE

PUBLIC ACT 124 OF 1999

Analyst: Robin R. Risko

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	n/a	n/a
GROSS	\$94,003,400	\$103,153,500	\$9,150,100	9.7
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$94,003,400	\$103,153,500	\$9,150,100	9.7
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	400,000	400,000	0	0.0
OTHER	1,041,800	1,041,800	0	0.0
GF/GP	\$92,561,600	\$101,711,700	\$9,150,100	9.9

SB 366

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OVERVIEW - LEGISLATURE

The legislative power of the State of Michigan is vested in a bicameral (two-chamber) body comprised of a House of Representatives and a Senate. The House of Representatives consists of 110 members who are elected by the qualified electors of districts having approximately 77,000 to 91,000 residents. Representatives are elected in even-numbered years to two-year terms. The Senate consists of 38 members who are elected by the qualified electors of districts having approximately 225,000 to 265,000 residents. Senators are elected at the same time as the Governor and serve four-year terms concurrent with the Governor's term of office. Legislative districts are drawn on the basis of population figures obtained through the federal decennial census. Terms for Representatives and Senators begin on January 1 following the November general election.

The budget for the Legislature provides funding for the legislative branch of state government, the Legislative Council and agencies it governs, the Legislative Retirement System, and for Property Management.

The Legislature enacts the laws of Michigan; levies taxes; appropriates funds from revenues collected for the support of public institutions and the administration of the affairs of state government; initiates and considers amendments to the State Constitution; considers legislation proposed by initiatory petitions; exercises legislative oversight over the Executive branch of government through the administrative rules and audit processes; and advises and consents through the Senate on gubernatorial appointments. The majority of the Legislature's work, however, entails lawmaking. Through a process defined by the State Constitution, statute, and legislative rules, the Legislature considers thousands of bills (proposed laws) during each two-year session. Following the Overview is a chart which depicts the number of bills introduced by lawmakers in the past five legislative sessions.

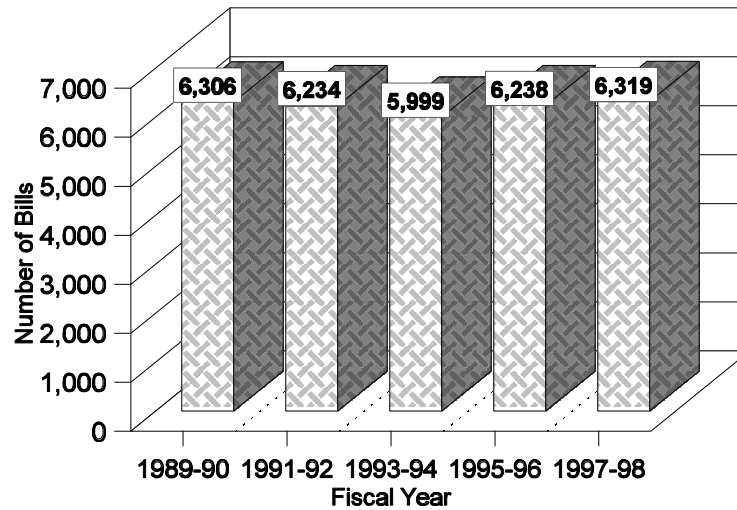
The Legislative Council is a constitutional body that provides a wide variety of essential services to members and staff of the Legislature. As established in the Constitution, the Council is responsible for maintaining bill drafting, research, and other services. Also, the Legislative Council is the governing body of the following agencies: Legislative Service Bureau, Library of Michigan, Legislative Council Facilities Agency, Legislative Corrections Ombudsman, Joint Committee on Administrative Rules staff, Michigan Sentencing Commission staff, Michigan Law Revision Commission, and the Michigan Commission on Uniform State Laws.

The Legislative Retirement System, established by 1957 PA 261, provides retirement allowances, survivor's allowances, and other benefits for members of the Legislature, their presiding officers, and their survivors and beneficiaries. The system is funded through the following four mechanisms: state appropriations, member contributions, certain court filing fees, and investment income.

Property Management has full responsibility for care and upkeep of the Capitol Building, the Roosevelt Building, the Farnum Building, and the new House of Representatives Office Building.

Public Act 124 provides \$103,153,500 in Gross appropriations and \$101,711,700 in GF/GP appropriations for the Legislature. This reflects an increase in the Gross appropriation of \$9,150,100, or 9.7%, with an accompanying GF/GP appropriation increase of \$9,150,100, or 9.9%, over the current-year appropriated levels.

**Number of Bills Introduced by Lawmakers
1989-90 through 1997-98**



Source: House of Representatives Clerk's Office

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

**1. State Officers Compensation Commission (SOCC)
Adjustments**

Included is an additional \$274,700 (Gross and GF/GP) to cover the costs of the 3.5% salary and 12% expense allowance increases provided by SOCC for the Legislators. (\$202,500 House of Representatives; \$72,200 Senate)

FTEs 0.0
Gross \$274,700
GF/GP \$274,700

2. House of Representatives Office Building

Included is an additional \$5.4 million (Gross and GF/GP) to cover costs associated with the new House of Representatives Office Building. The funding is provided for rental costs, taxes and insurances, utilities, general maintenance, and janitorial services.

FTEs 0.0
Gross \$5,412,500
GF/GP \$5,412,500

3. Roosevelt Building

Funding for property management costs associated with the Roosevelt Building is eliminated. The Capital Outlay budget includes \$500,000 for demolition of the building.

FTEs 0.0
Gross (\$564,700)
GF/GP (\$564,700)

4. Capitol Building

Included is an additional \$65,100 (Gross and GF/GP) for property management costs associated with the Capitol Building.

FTEs 0.0
Gross \$65,100
GF/GP \$65,100

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
5. Farnum Building Included is an additional \$100,000 (Gross and GF/GP) for property management costs associated with the Farnum Building.	FTEs	0.0
	Gross	\$100,000
	GF/GP	\$100,000
6. Legislative Corrections Ombudsman Included is an additional \$238,300 (Gross and GF/GP) and 4.0 FTE positions for the Legislative Corrections Ombudsman, due to an increase in caseloads as a result of 1998 PA 318. The Act permits the Ombudsman to receive complaints directly from prisoners versus prisoners having to file their complaints with Legislators, who in turn refer the complaints to the Ombudsman.	FTEs	0.0
	Gross	\$238,300
	GF/GP	\$238,300
7. Trial Court Assessment Commission Funding for the Trial Court Assessment Commission is eliminated pursuant to 1998 PA 298, which abolished the Commission effective January 1, 1999.	FTEs	0.0
	Gross	(\$279,900)
	GF/GP	(\$279,900)
8. Legislative Service Bureau Automated Data Processing Included is an additional \$326,600 (Gross and GF/GP) to fund current costs and costs for additional responsibilities associated with the Legislative Session Integration System.	FTEs	0.0
	Gross	\$326,600
	GF/GP	\$326,600
9. Legislative Session Integration System Funding for the Legislative Session Integration System line item is reduced by \$764,000, leaving an appropriation of \$900.	FTEs	0.0
	Gross	(\$764,000)
	GF/GP	(\$764,000)
10. Legislative Retirement System Included is an additional \$388,900 (Gross and GF/GP) for the Michigan Legislative Retirement System based on estimates of defined contribution savings. This amount is appropriated to the Health Insurance Reserve Fund, as required pursuant to 1996 PA 486.	FTEs	0.0
	Gross	\$388,900
	GF/GP	\$388,900
11. Adjustments for the Senate Included is an additional \$1.7 million (Gross and GF/GP) for the Senate. Of that amount, \$1.0 million is for the purchase of new office furniture, and \$777,200 is for automated data processing.	FTEs	0.0
	Gross	\$1,777,200
	GF/GP	\$1,777,200

ECONOMICS: FY 1999-2000

Economic Adjustments Included is an additional \$3.3 million (Gross and GF/GP) for standard economic adjustments associated with salaries and wages, insurances for employees, retirement plans, and motor transport. Of that amount, \$1.1 million is appropriated for the House, \$1.7 million for the Senate, and \$454,600 for the Legislative Council.	FTEs	0.0
	Gross	\$3,316,200
	GF/GP	\$3,316,200

MAJOR BOILERPLATE CHANGES: FY 1999-2000

Access to Legislative Offices

Included is new language which prohibits the restriction of public access to legislative offices during normal business hours (Sec. 632).

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

**1. State Officers Compensation Commission (SOCC)
Adjustments**

Included in 1999 PA 69 (SB 68) is \$166,400 (Gross and GF/GP) to cover the costs of the 3.5% salary and 12% expense allowance increases provided by SOCC for the Legislators. (\$122,500 House of Representatives; \$43,900 Senate)

FTEs	0.0
Gross	\$166,400
GF/GP	\$166,400

2. Human Resources System

Included in 1999 PA 124 (HB 4075) is \$1.0 million (Gross and GF/GP) for implementation of the Human Resources Management Network system for the Legislature. This system will provide integrated personnel, payroll, and employee benefits data exchange, in a secure fashion, with the state's systems.

FTEs	0.0
Gross	\$1,000,000
GF/GP	\$1,000,000

LIBRARY OF MICHIGAN

PUBLIC ACT 124 OF 1999

Analyst: Robin R. Risko

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	140.0	*0.0	(140.0)	(100.0)
GROSS	\$37,249,100	\$38,977,400	\$1,728,300	4.6
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$37,249,100	\$38,977,400	\$1,728,300	4.6
FEDERAL	4,109,800	4,557,400	447,600	10.9
LOCAL	0	0	0	0.0
PRIVATE	75,000	75,000	0	0.0
OTHER	86,900	86,900	0	0.0
GF/GP	\$32,977,400	\$34,258,100	\$1,280,700	3.9

*The *notation* of FTE position authorization, *not actual position authorization*, is eliminated from the budget. To conform with nothation shown for other Legislative entities, the notation is not included in the bill structure for the Library of Michigan.

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - LIBRARY OF MICHIGAN

The Library of Michigan, formerly known as the State Library, became a part of the Legislative branch of government in 1983. It is governed by the Legislative Council for policy purposes. The Council appoints, in consultation with the 15-member Board of Trustees of the Library of Michigan, the State Librarian. The State Librarian is the chief administrator of the Library.

The Library of Michigan is primarily charged with providing reference services to the Legislative branch of state government, to the Executive and Judicial branches, and to the general public. As the fourth largest state library in the nation, the Library maintains a collection of over three million books, millions of state and federal government publications, Michigan newspapers on microfilm, magazines and other periodicals, and one of the country's leading collections on family history.

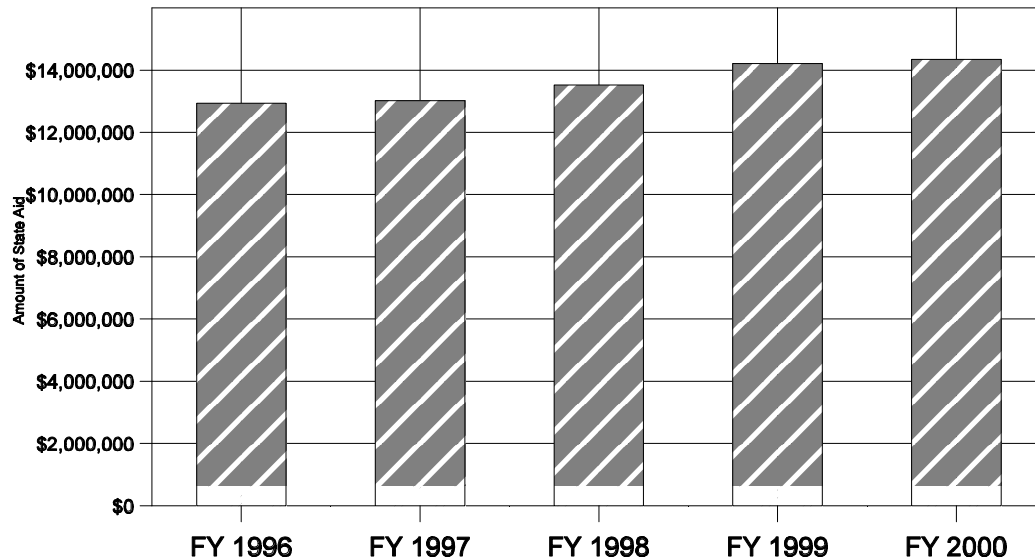
The Library of Michigan assists public libraries statewide. Workshops and training seminars are conducted by Library of Michigan staff to train librarians and library trustees in the areas of technology, administration, finance, and patron services. As the administrative agency, the Library distributes more than \$14.0 million in state aid annually to Michigan public libraries and to 14 public library cooperatives. State aid funding provides books and materials, staff training, interlibrary loan services, and document delivery services in order to link libraries together. Below are two charts which detail state sources of funding paid to public libraries for Fiscal Years 1995-96 through 1999-2000.

More than \$4.1 million in federal funds is distributed annually to support Michigan libraries through statewide projects, competitive grant projects, and subgrant projects dedicated to a specific area of statewide interest. The federally-funded projects include basic library technology, advanced technology projects, and improving library and information services to individuals.

The Library is linked to the Library of Congress, and is the state agency responsible for library services to the blind and to persons with disabilities. These services are used widely by students and senior citizens through the Library of Michigan and through a network of 11 subregional libraries and one regional library.

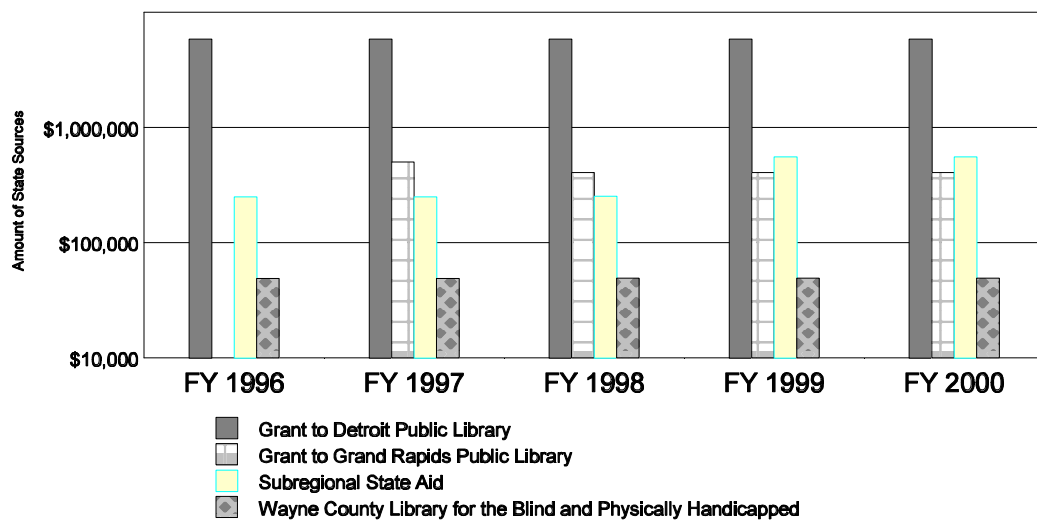
Public Act 124 provides \$38,977,400 in Gross appropriations and \$34,258,100 in GF/GP appropriations for the Library of Michigan. This reflects an increase in Gross appropriations of \$1,728,300, or 4.6%, with an accompanying GF/GP appropriation increase of \$1,280,700, or 3.9%, over the current-year appropriated levels.

FIVE-YEAR HISTORY OF STATE AID TO LIBRARIES



Source: House Fiscal Agency

FIVE-YEAR HISTORY OF OTHER STATE SOURCES PAID TO PUBLIC LIBRARIES



Source: House Fiscal Agency

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
1. Additional Staff Positions Included is an additional \$199,600 (Gross and GF/GP) for 3.0 FTE positions - a programmer, a network administrator, and a preservation specialist.	FTEs	0.0
	Gross	\$199,600
	GF/GP	\$199,600
2. State Aid to Libraries Included is an additional \$140,000 (Gross and GF/GP) to fully fund estimated payments pursuant to the State Aid to Libraries Act, 1977 PA 89.	FTEs	0.0
	Gross	\$140,000
	GF/GP	\$140,000
3. Federal Grant Funding Adjustment Budgeted is an additional \$447,600 (Gross) in federal grant funding made available to the Library through the federal Library Services and Technology Act.	FTEs	0.0
	Gross	\$447,600
	GF/GP	\$0
4. Technology Improvements Included is an additional \$191,800 (Gross and GF/GP) for the following technology improvements: additional Internet connection, computer backup system, database programming, and maintenance of hardware and software.	FTEs	0.0
	Gross	\$191,800
	GF/GP	\$191,800
5. Internet Subscriptions Included is an additional \$150,000 (Gross and GF/GP) for Internet subscriptions for public libraries participating in the Gates Library Foundation Grants program.	FTEs	0.0
	Gross	\$150,000
	GF/GP	\$150,000
6. Renaissance Zone Reimbursement Included is an additional \$128,800 (Gross and GF/GP) for reimbursements to be made to public libraries pursuant to the Renaissance Zone Act, 1996 PA 376. The Act provides for reimbursement of tax revenues lost due to the exemption of property under the Act.	FTEs	0.0
	Gross	\$128,800
	GF/GP	\$128,800
7. Overhead Costs Adjustment Included is an additional \$82,700 (Gross and GF/GP) to offset the rising cost of books, subscriptions, database services, binding services, and printing services.	FTEs	0.0
	Gross	\$82,700
	GF/GP	\$82,700

ECONOMICS: FY 1999-2000

Economic Adjustments Included is an additional \$316,100 (Gross and GF/GP) for standard economic adjustments associated with salaries and wages, insurances for employees, retirement plans, and motor transport.	FTEs	0.0
	Gross	\$316,100
	GF/GP	\$316,100

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

None

MANAGEMENT AND BUDGET

PUBLIC ACT 124 OF 1999

Analyst: Robin R. Risko

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	951.5	950.0	(1.5)	(0.2)
GROSS	\$147,098,400	\$137,400,800	(\$9,697,600)	(6.6)
IDG/IDT	51,115,800	52,476,200	1,360,400	2.7
ADJUSTED GROSS	\$95,982,600	\$84,924,600	(\$11,058,000)	(11.5)
FEDERAL	590,700	536,400	(54,300)	(9.2)
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
OTHER	37,253,700	39,579,000	2,325,300	6.2
GF/GP	\$58,138,200	\$44,809,200	(\$13,329,000)	(22.9)

NOTE: Year-To-Date Appropriations include one-time supplemental items contained in 1999 PA 69 (SB 68) and 1999 PA 137 (HB 4075).

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - MANAGEMENT AND BUDGET

The Department of Management and Budget is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; developing, upgrading, and maintaining data and communications systems; negotiating collective bargaining agreements; managing capital outlay projects; managing property for the state; executing cost-effective purchasing programs; managing the state's retirement systems; and providing office support services to state agencies. In addition, the Department prepares, presents, and executes the state budget on behalf of the Governor.

The Director of the Department is appointed by the Governor. The Director provides program and policy direction for all state departments and monitors program execution to ensure efficiency and effectiveness of departmental operations. The State Budget Director is also appointed by the Governor and is responsible for coordinating all executive budget activities, including development and presentation.

Public Act 124 provides \$137,400,800 in Gross appropriations and \$44,809,200 in GF/GP appropriations for the Department of Management and Budget. This reflects a decrease in Gross appropriations of \$9,697,600, or a 6.6% reduction, and a decrease in GF/GP appropriations of \$13,329,000, or a 22.9% reduction, from the current-year appropriated levels.

MAJOR BUDGET CHANGES: FY 1999-2000

<u>Budget Issue</u>	<u>Change from FY 1998-99</u>	
1. <i>Statewide Land Database</i>	FTEs	0.0
Included is an additional \$550,000 (Gross and GF/GP) to develop and maintain an Executive Information System for the Statewide Land Database.	Gross	\$550,000
	GF/GP	\$550,000
2. <i>Building Occupancy Charges for Former YWCA</i>	FTEs	0.0
Included is an additional \$645,500 (Gross) for rent payments to be made for the former YWCA building in downtown Lansing. The building is to be renovated and will house the Department of Agriculture, which will provide the funding through an interdepartmental grant to DMB.	Gross	\$645,500
	GF/GP	\$0
3. <i>Sale of Hosmer Warehouse</i>	FTEs	0.0
Funding for the Hosmer Warehouse is eliminated due to the sale of the building.	Gross	(\$606,600)
	GF/GP	(\$303,300)
4. <i>Public Act 51 Compliance</i>	FTEs	0.0
Statutory language contained in 1951 PA 51, as amended, requires the phase-out of interdepartmental grants which are supported by Michigan Transportation Fund (MTF) dollars by FY 2000-2001. The MTF funding is phased out and replaced with an equal amount of GF/GP.	Gross	\$0
	GF/GP	\$340,500

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

5. Michigan Geographic Framework

Included is an additional \$150,000 (Gross and GF/GP) to cover DMB's share of operational costs of the Michigan Geographic Framework (MGF). The Michigan Information Center administers the MGF, which is the base map used for various demographic-related activities.

FTEs	0.0
Gross	\$150,000
GF/GP	\$150,000

6. Retirement Services

Included is an additional \$92,300 (Gross) for increased costs associated with hearing officers and actuarial services, and for additional mailing costs due to an increase in the number of retirees.

FTEs	0.0
Gross	\$92,300
GF/GP	\$0

7. Statewide Cost Allocation Plan (SWCAP) Adjustments

Adjustments were made to reflect the most recent SWCAP. The SWCAP is a mechanism by which the state identifies and allocates indirect costs, and is necessary in order for the state to obtain reimbursement from the federal government for costs of central support services provided to operating departments.

FTEs	0.0
Gross	\$0
GF/GP	(\$1,470,000)

ECONOMICS: FY 1999-2000

Economic Adjustments

Included is an additional \$2.8 million (Gross) and \$911,500 (GF/GP) for standard economic adjustments associated with salaries and wages, insurances for employees, retirement plans, building occupancy charges, fuel and utilities, motor transport, and worker's compensation.

FTEs	0.0
Gross	\$2,813,400
GF/GP	\$911,500

MAJOR BOILERPLATE CHANGES: FY 1999-2000

DEPARTMENT OF MANAGEMENT AND BUDGET BOILERPLATE

1. MAIN - Quarterly Billing Statements

Current-year Sec. 712, which requires DMB to submit quarterly billing statements, specifying the number of users, to the Legislature and to each department/agency that benefits from or incurs costs from the use of MAIN, is not included.

2. Notice of Invitations for Bids and Requests for Proposals

Included is new language which requires DMB to maintain an Internet website that contains notice of all invitations for bids and requests for proposals over \$50,000 and prohibits DMB's acceptance of an invitation for bid or request for proposal in less than 14 days after the notice is made available on the Internet website, except in situations where it would be in the best interest of the state and documented by the department (Sec. 716).

3. Emergency First Responder Kits

Included is new language which requires DMB to conduct a feasibility study regarding the placement of emergency first responder kits on each floor of each building utilized by a state agency that houses state employees or is open to the public for state business (Sec. 718).

MAJOR BOILERPLATE CHANGES: FY 1999-2000

GENERAL SECTIONS OF BOILERPLATE

1. Budget Stabilization Fund - Unreserved GF/GP Balances

Current-year Sec. 208, which appropriates all GF/GP unreserved balances at the final close of the fiscal year and transfers them into the Countercyclical Budget and Economic Stabilization Fund, is not included.

2. Budget Stabilization Fund - Appropriation

Included is new language which appropriates \$37.1 million into the Countercyclical Budget and Economic Stabilization Fund (Sec. 212).

3. Internet Availability of Reports

Included is new language which requires DMB to pilot the placement of all reports which are required in the General Government appropriations act on the Internet, and to continue to distribute the reports in printed format in FY 2000 (Sec. 213).

4. Receive/Retain Copies of all Reports

Included is new language which states that all departments/agencies receiving appropriations in the General Government appropriations act are to receive and retain copies of all reports funded from appropriations in the act, and that federal and state guidelines for short-term and long-term retention of records are to be followed (Sec. 214).

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Decennial Census

Included in 1999 PA 69 (SB 68) is \$458,200 (Gross and GF/GP) and authorization for 3.5 FTE positions to support decennial census coordination and outreach efforts.

FTEs	3.5
Gross	\$458,200
GF/GP	\$458,200

2. Art and Cultural Grants

Included in 1999 PA 124 (HB 4075) is \$10.0 million (Gross and GF/GP) to support applications for art and cultural grants. This discretionary grant program will be administered by the Office of the State Budget Director. Specific criteria and deadlines for submission of grant applications have yet to be determined.

FTEs	0.0
Gross	\$10,000,000
GF/GP	\$10,000,000

3. Statewide Information Technology Assessment

Included in 1999 PA 124 (HB 4075) is \$3.0 million (Gross and GF/GP) to support an assessment of best practices regarding application software maintenance, LAN/PC desktop services, and client server operations.

FTEs	0.0
Gross	\$3,000,000
GF/GP	\$3,000,000

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

4. (Boilerplate) Budget Stabilization Fund - GF/GP Lapses

Included in 1999 PA 124 (HB 4075) is language which appropriates all net GF/GP appropriation lapses at the final close of the fiscal year and transfers them into the Countercyclical Budget and Economic Stabilization Fund (Sec. 203).

5. (Boilerplate) Budget Stabilization Fund - Appropriation

Included in 1999 PA 124 (HB 4075) is language which appropriates and transfers \$55.2 million into the Countercyclical Budget and Economic Stabilization Fund (Sec. 204).

SUPPLEMENTAL APPROPRIATIONS: FY 1999-2000

Statewide Unclassified Salaries

Included in 1999 PA 124 (HB 4075) is boilerplate language which appropriates amounts not to exceed \$548,800 (Gross), \$60,000 (State Restricted), and \$488,800 (GF/GP) to DMB for unclassified salaries. Amounts are authorized to support unclassified positions in various executive departments/agencies for FY 1999-2000. Also, the language requires DMB to report on the amounts spent by each executive department/agency on unclassified salaries (Sec. 1204).

STATE

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	2,022.1	2,050.0	27.9	1.4
GROSS	\$175,790,300	\$181,515,300	\$5,725,000	3.3
IDG/IDT	46,604,600	56,830,800	10,226,200	21.9
ADJUSTED GROSS	\$129,185,700	\$124,684,500	(\$4,501,200)	(3.5)
FEDERAL	1,099,600	3,112,100	2,012,500	183.0
LOCAL	0	0	0	0.0
PRIVATE	884,500	500,100	(384,400)	(43.5)
OTHER	59,227,200	60,983,300	1,756,100	3.0
GF/GP	\$67,974,400	\$60,089,000	(\$7,885,400)	(11.6)

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - STATE

The mission of the Department of State is to provide the most efficient and effective services to residents of Michigan through the licensing of drivers and the registration and titling of vehicles; the regulation of automobile dealers and repair facilities; the registration of voters and administration of elections; the preservation of Michigan's history; and the collection of revenue.

Public Act 124 includes an overall increase of 3.3% over current-year appropriated levels and a decrease of 11.6% in General Fund support. The FY 1999-2000 budget focuses on a continuation of technology enhancements to improve the Department's customer service. Funding is provided to implement recently-enacted legislation at the state and federal levels. The budget also includes a funding shift of nearly \$8.0 million, replacing GF/GP support throughout the budget with an equal amount of funding from the Michigan Transportation Fund. This funding shift accounts for the majority of the General Fund support decrease from current-year levels. The FY 1998-99 appropriation amounts include one-time funding of almost \$5.5 million, accounting for a large portion of the General Fund decrease in the FY 1999-2000 budget.

The FY 1999-2000 budget includes \$1.6 million (\$688,000 GF/GP) to complete the final two phases of the Department's implementation of a document management system based on imaging technology. The first phase was funded through a FY 1997-98 supplemental appropriation of \$1.0 million (\$500,000 GF/GP).

Nearly \$2.5 million in General Fund support is included for increased operational costs associated with the recently-enacted repeat offender legislation. Another new initiative arising from recent changes in state law will require the Department of State to review applications for state tax credits associated with state historical sites. The FY 1999-2000 budget contains \$70,000 GF/GP to support this new program.

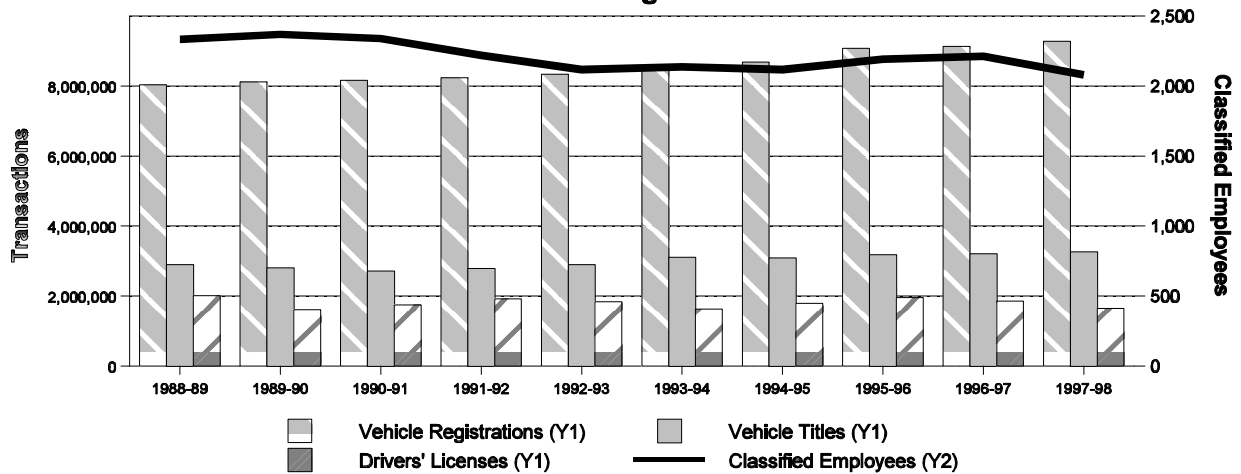
In response to passage of the 1996 Federal Illegal Immigration Reform and Immigrant Responsibility Act, 1998 PA 330 was enacted to require the state to collect and verify social security numbers from all drivers and personal identification card applicants, beginning October 1, 2000. The budget includes over \$1.7 million in Federal Temporary Assistance for Needy Families (TANF) funds to cover the start-up costs of collecting and verifying social security numbers.

The FY 1999-2000 budget also contains \$150,000 (GF/GP) for a new program to help preserve Michigan lighthouses that are being decommissioned by the federal government. This funding will support local grants and program coordination.

Two FY 1998-99 supplemental appropriations for the Department of State total \$5.5 million (GF/GP). First, \$1.7 million is provided for start-up costs associated with the repeat offender legislation. Second, \$3.7 million in additional funding is provided for software upgrades, interim maintenance costs, and preparation of the Qualified Voter File system for redistricting due to the 2000 census. The Qualified Voter File is a statewide voter registration and elections management system.

The chart below compares the amount of driver and vehicle transactions with the number of classified employees over the past ten-year period.

**Transactions Compared to Classified Employees
FY 1988-89 through FY 1997-98**



Source: Department of State

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

1. Program Enhancement - Document Management

The Bureau of Driver and Vehicle Records currently handles over 27 million paper documents annually where certain information is extracted and stored in computer mainframe files and the documents transferred to microfilm for future retrieval. The Bureau receives requests for approximately six million record look-ups yearly which are handled through the current paper/electronic/microfilm-based system. This system, however, is extremely labor intensive and time consuming. The budget includes \$1.6 million (\$688,000 GF/GP) for the Department to complete implementation of a new document management storage and retrieval system based on imaging technology. The first phase of the new system was funded through a \$1.0 million (\$500,000 GF/GP) FY 1997-98 supplemental.

Change from FY 1998-99

FTEs	0.0
Gross	\$1,600,000
GF/GP	\$688,000

MAJOR BUDGET CHANGES: FY 1999-2000**Budget Issue****Change from FY 1998-99****2. New Program - Repeat Offender**

Repeat offender legislation was signed into law October 1998, and most provisions are effective October 1, 1999. Repeat offenders are persons with multiple alcohol-related convictions or persons who continually drive despite a suspended/revoked/denied license. The new legislation provides courts, law enforcement, and the Department of State with new tools such as vehicle immobilization, plate confiscation, and registration denial to address this traffic safety problem. Funding is included in FY 1999-2000 to cover the first year on-going costs for this program.

FTEs	30.7
Gross	\$2,479,000
GF/GP	\$2,479,000

The FY 1999-2000 funding will support on-going costs such as increased mailing, increased hearings, staff time to answer questions, record maintenance, processing licensing sanctions, and computer programming. Workload for the Department is expected to increase in several areas, especially in the number of persons receiving a license revocation who will require a hearing prior to re-licensing.

3. New Program - Social Security Number Verification

Public Act 330 of 1998 was enacted in response to the Federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996 which requires states to collect and verify social security numbers from all driver and personal identification card applicants starting October 1, 2000. The FY 1999-2000 budget contains \$1.7 million in Federal Temporary Assistance for Needy Families (TANF) funds to support the start-up costs for implementing this legislation. Funding is required to develop methods for collecting and verifying social security numbers in both the branch offices and the central record renewal-by-mail area. There will also be costs associated with programming and equipment enhancements and changes in applications and procedures.

FTEs	3.2
Gross	\$1,712,200
GF/GP	\$0

4. Public Act 51 Compliance

Statutory language contained in 1951 PA 51, as amended, requires the phase-out of Michigan Transportation Fund (MTF)-supported interdepartmental grants (IDGs) by FY 2000-2001. The FY 1999-2000 budget complies with the statutory phase-out of MTF IDGs. The FY 1999-2000 budget replaces MTF in various departments with GF/GP and shifts GF/GP to MTF within the Department of State. The funding shift within the Department of State's budget totals almost \$8.0 million. Total funding from the MTF for the Department of State in the FY 1999-2000 budget increases by \$10.2 million to \$56.8 million.

FTEs	0.0
Gross	\$0
GF/GP	(\$7,962,900)

5. New Program - Lighthouse Preservation

Funding is included to preserve those Michigan lighthouses being decommissioned by the federal government. A portion of the funding will support local grants to assist with preservation efforts.

FTEs	1.0
Gross	\$150,000
GF/GP	\$150,000

6. New Program - Historical Tax Credits

The budget includes funding for administration of a program to determine eligibility for state tax credits for historic sites.

FTEs	1.0
Gross	\$70,000
GF/GP	\$70,000

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue**Change from FY 1998-99****7. New Program - Snowmobile Decals**

Public Act 297 of 1998 requires that effective July 1, 1999, Michigan snowmobile owners display their snowmobile registration numbers on the snowmobile. The Department of State is working with the Department of Natural Resources to design a new decal that will be placed on both sides of the snowmobile. Current decal material costs are \$18,000, while the costs of the new decals are estimated at \$60,000 per year. The budget includes \$42,000 for the added costs of the new decals. Funding for this increase will be provided through snowmobile registration fees.

FTEs	0.0
Gross	\$42,000
GF/GP	\$0

8. Program Elimination - Snowmobile Annual Permits

The Department has discontinued selling annual snowmobile trail permits as an agent for the Department of Natural Resources. Correspondingly, the FY 1999-2000 budget reflects the elimination of the funding associated with this program.

FTEs	0.0
Gross	(\$127,800)
GF/GP	\$0

ECONOMICS: FY 1999-2000

1. Standard Economic Adjustments

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurances for employees, retirement, building occupancy charges, private rent, and worker's compensation.

FTEs	0.0
Gross	\$5,211,100
GF/GP	\$2,154,400

2. Unclassified Salaries

Funding is included to provide the Department's five unclassified employees with a 3.0% salary increase. The Secretary of State's salary is set for each four-year term by the Legislature and is currently \$124,900.

FTEs	0.0
Gross	\$12,900
GF/GP	\$12,900

3. Postage Increase

The budget contains \$248,200 Gross (\$86,900 GF/GP) to cover postage and DMB processing charges due to projected volume increases for FY 1999-2000.

FTEs	0.0
Gross	\$248,200
GF/GP	\$86,900

MAJOR BOILERPLATE CHANGES: FY 1999-2000
--

1. Lighthouse Program

The budget includes new language authorizing the Department to award grants to assist in the transfer of lighthouses from federal ownership. Grants are limited to \$20,000 and may be used for the purposes of stabilization and rehabilitation of Michigan lighthouses, but not operational purposes (Sec. 813).

2. Organ Donor Public Information Campaign

The budget includes new language authorizing the Department to develop and administer, in collaboration with the Gift of Life Transplantation Society, a public information campaign for the organ donor program and to solicit funds from public and private parties to underwrite the campaign (Sec. 820).

MAJOR BOILERPLATE CHANGES: FY 1999-2000

3. Commemorative and Specialty License Plates

The budget eliminates current-year language restricting funds appropriated for commemorative or specialty license plates from being expended unless legislation is enacted to establish a commemorative or specialty license plate fee (current-year Sec. 813).

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

New Fee - Historical Marker Application

The budget includes new language authorizing the Department to collect an application fee of \$250 for each application submitted for inclusion of a historical site on the state historical registry. The language requires the fee revenue to be deposited in a separate revolving fund and to be used for the purpose of correcting, repairing, or replacing historical markers. The Department estimates that it receives approximately 30 applications for historical marker designation each year (Sec. 819).

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Repeat Offender

A \$1.7 million GF/GP supplemental appropriation is provided to cover start-up costs associated with the recently-enacted repeat offender legislation which was signed into law October 1998 with most provisions effective October 1, 1999. Repeat offenders are persons with multiple alcohol-related convictions or persons who continually drive with a suspended/revoked/denied license. The new legislation provides courts, law enforcement, and the Department of State with new tools such as vehicle immobilization, plate confiscation, and registration denial to address this traffic safety problem.

FTEs	5.0
Gross	\$1,748,600
GF/GP	\$1,748,600

2. Qualified Voter File

A \$3.7 million GF/GP supplemental appropriation is provided to support computer software upgrades for the Qualified Voter File. The request will cover the upgrades, interim maintenance costs, and preparation for redistricting due to the 2000 census.

FTEs	3.0
Gross	\$3,743,800
GF/GP	\$3,743,800

TREASURY - OPERATIONS

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	1,715.0	1,739.0	24.0	1.4
GROSS	\$263,049,900	\$266,446,000	\$3,396,100	1.3
IDG/IDT	15,603,700	8,810,600	(6,793,100)	(43.5)
ADJUSTED GROSS	\$247,446,200	\$257,635,400	\$10,189,200	4.1
FEDERAL	39,370,100	39,800,000	429,900	1.1
LOCAL	2,237,000	2,247,200	10,200	0.5
PRIVATE	175,000	0	(175,000)	(100.0)
OTHER	138,962,200	152,289,800	13,327,600	9.6
GF/GP	\$66,701,900	\$63,298,400	(\$3,403,500)	(5.1)

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

Effective
7/23/99

OVERVIEW - DEPARTMENT OF TREASURY - OPERATIONS

Under the direction of the State Treasurer, the Department of Treasury collects, invests, and disburses state monies; administers state tax laws; safeguards the credit of the state and local governments and provides support to various authorities.

The Bureau of State Lottery and the debt service/revenue sharing areas of the Department of Treasury's budget are not included here, rather these areas appear separately in this document. The budgetary areas covered here include Executive Direction, Departmentwide Services, Local Government, Tax Programs, Management Services, Financial/Investment Services, Casino Oversight, and Local Grants.

PA 124 provides an increase of 1.3% in Gross appropriations for FY 1999-2000, with a decrease in GF/GP spending of 5.1% compared to current-year appropriated levels. The decrease in GF/GP appropriations for FY 1999-2000 partially results from inclusion of \$14.7 million in one-time appropriations in the FY 1998-99 figures. Discounting these one-time spending items in the current-year figures, the Department received a 21.7% increase in its FY 1999-2000 GF/GP budget.

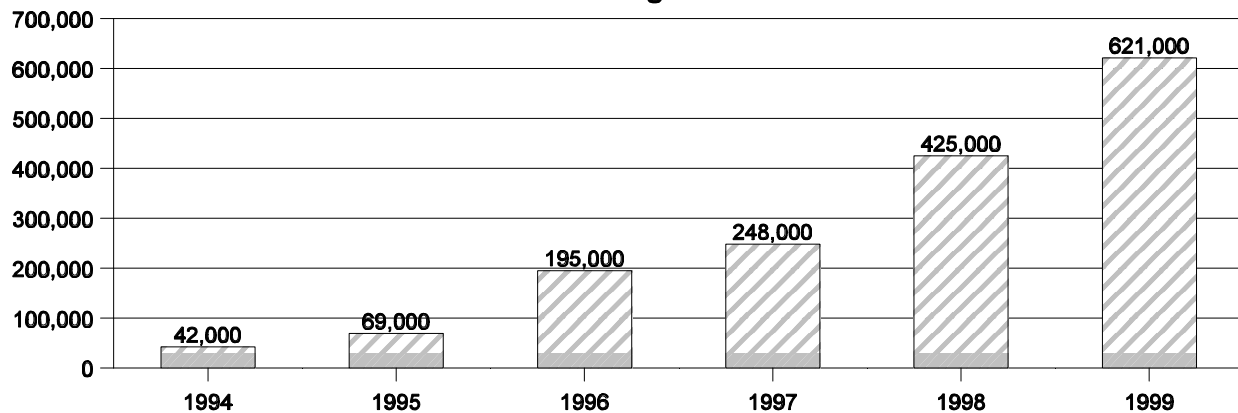
The budget contains a \$6.9 million funding shift, replacing the interdepartmental grant from the Michigan Transportation Fund with an equal amount of GF/GP support. General Fund support (\$5.0 million) is also included for the Department's Tax Technology Investment Plan designed to improve customer service and enhance state tax collections. Another funding shift included in the FY 1999-2000 budget replaces \$3.0 million in GF/GP with an equal amount of restricted delinquent property tax revenue to support the Department's property tax program. An additional \$900,000 GF/GP is appropriated to cover state payments to locals for lost property tax revenue associated with the exemption of senior citizens cooperative housing facilities from local tax rolls.

The budget contains \$2.0 million Gross for administration of the Michigan Merit Award Board. The Board will provide post secondary scholarships to high school students who have demonstrated academic achievement. Funding for administration of this program will come from the state's portion of the national tobacco settlement. Additional funding (\$3.9 million Gross) and 10 FTE positions are provided to cover the costs of state licensing and regulation of temporary casinos in Detroit by the Departments of Attorney General, State Police, and Treasury. The budget also includes funding and FTE authorizations to continue administration and enforcement of the cigarette tax stamping program initiated under 1997 PA 187.

A number of FY 1998-99 GF/GP supplemental appropriations are provided to the Department under 1998 PA 69 and 1998 PA 137. Public Act 69 includes \$5.3 million for start-up costs of the Department's Tax Technology Investment Plan and \$6.0 million to reimburse locals for the costs of conducting the 2000 presidential primary. Public Act 69 also includes a funding shift, replacing \$3.0 million GF/GP with delinquent property tax revenue, to support the property tax program in FY 1998-99. The FY 1999-2000 budget contains a similar funding shift.

Public Act 124 includes \$6.4 million in FY 1998-99 GF/GP supplemental appropriations. Of the total, \$5.0 million is provided to create a reserve fund to secure obligations issued by the Michigan Municipal Bond Authority to make capital or operational loans to public school academies. An additional \$1.4 million is appropriated in FY 1998-99 to support the costs of the cigarette tax stamping program, including stamp purchases, distribution, and reconciliation activities, as well as some enforcement activities.

**Number of State Income Tax Returns Processed Electronically
1994 through 1999**



Source: Michigan Department of Treasury

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. New Program - Tax Technology Investment Plan

The budget provides \$5.0 million GF/GP to enhance the state's tax administration system. The existing system is labor-intensive and technologically outdated; as a result, revenue collection, tax consistency and fairness, and customer service have suffered. The total cost of the program is projected to be \$73.0 million over the next five years, which includes a FY 1998-99 supplemental appropriation of \$5.3 million in 1998 PA 69 and the \$5.0 million for FY 1999-2000. This investment is expected to achieve greater consistency and fairness, improve customer service, and add over \$250.0 million in new revenue over the five-year period and over \$100.0 million annually thereafter.

FTEs	0.0
Gross	\$5,000,000
GF/GP	\$5,000,000

2. New Program - Michigan Merit Award Board

The budget appropriates \$2.0 million for administration of the Michigan Merit Award Board, created under 1999 PA 94. The overall goal of the Board is to increase access to post secondary education and reward recent Michigan high school graduates who have demonstrated academic achievement. The Board will award Michigan Merit Award scholarships to students who meet certain academic criteria to pay for tuition and related post secondary educational costs. Funding would be from the Michigan Merit Award Trust Fund, which will receive revenue from the recent tobacco settlement.

FTEs	0.0
Gross	\$2,000,000
GF/GP	\$0

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

3. Public Act 51 Compliance

Statutory language in 1951 PA 51, as amended, requires the phase-out of Michigan Transportation Fund-supported interdepartmental grants to certain agencies by FY 2000-01. The Department of Treasury currently receives funding from the Michigan Transportation Fund to support its transportation revenue collection efforts. The FY 1999-2000 budget complies with PA 51 and phases out all MTF grants by replacing this funding with an equal amount of GF/GP.

FTEs	0.0
Gross	\$0
GF/GP	\$6,877,400

4. Program Enhancements - Casino Gaming

The FY 1999-2000 budget includes full-year costs associated with oversight and regulation of Detroit and Indian casinos. Included in the budget for FY 1999-2000 is an increase of \$3.7 million and 10.0 FTEs for the increased workloads of the Departments of Attorney General, State Police, and Treasury associated with the licensing and regulation of temporary casinos in Detroit. Also included in the FY 1999-2000 budget is an increase of \$200,000 and 4.0 FTEs for work related to the four recently-approved Tribal-State Gaming Compacts.

FTEs	14.0
Gross	\$3,906,500
GF/GP	\$0

5. Program Enhancement - Convention Facility Development Fund Distributions

The budget includes a \$4.0 million increase for distributions from the Convention Facility Development Fund. The revenue received in this fund and available for distribution has been increasing. Revenue is generated by a tax on hotel room charges in Wayne, Oakland, and Macomb Counties and a statewide 4% tax on the retail selling price of spirits. The revenue is first used to satisfy the debt service on the Cobo Hall expansion with the remainder being distributed to counties on a per capita basis. Total recommended funding for this program in FY 1999-2000 is \$40.0 million.

FTEs	0.0
Gross	\$4,000,000
GF/GP	\$0

6. Program Enhancement - Tobacco Tax Stamp

The FY 1999-2000 budget includes an increase of \$325,000 and 4.0 FTE positions to implement the remaining portions of the cigarette tax stamping program. In an effort to curb the smuggling of untaxed cigarettes from outside of Michigan, the Tobacco Products Tax Act was amended by 1997 PA 187 to mandate that wholesalers affix a tax stamp to each cigarette pack beginning May 1, 1998. The Department is responsible for printing and distributing "Michigan" cigarette tax stamps, reconciling the issued stamps with taxable pack sales, and performing civil inspections. Funding for this increase would come from tobacco tax penalty revenue, pursuant to statute.

FTEs	4.0
Gross	\$325,000
GF/GP	\$0

7. Program Enhancement - Senior Citizen Cooperative Housing

The FY 1999-2000 budget includes a 7% increase in the Senior Citizen Cooperative Housing Tax Program to support new facilities and assessment increases. This program provides local governments with lost property tax revenue resulting from the exemption of senior citizen cooperative housing facilities from local tax rolls. Total recommended funding for this program in FY 1999-2000 is \$13.7 million GF/GP.

FTEs	0.0
Gross	\$900,000
GF/GP	\$900,000

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

8. Health Insurance Reserve Fund Payment

Section 52 of 1996 PA 487 requires the Department of Management and Budget to annually calculate the savings from implementation of the new Defined Contribution retirement plan. Once estimated, these savings must be appropriated in the next succeeding fiscal year to the health insurance reserve fund of the State Employees Retirement System (SERS). Savings are what the state would have paid had these employees become members of the old defined benefit plan versus the new defined contribution plan. The FY 1999-2000 budget appropriates a total of \$573,600 for FY 1999-2000 to the SERS health insurance reserve fund.

FTEs	0.0
Gross	\$403,000
GF/GP	\$403,000

9. Program Enhancements - Retirement Investments

The budget provides \$500,000 and authorization for 3.0 FTEs for enhancements to the Department's retirement investments program. Of the total, \$300,000 and 3.0 FTEs would support additional asset managers to effectively maintain investment service performance. The remaining \$200,000 would support a software maintenance contract within the Bureau of Investments. Funding for the increases would be from retirement funds.

FTEs	3.0
Gross	\$500,000
GF/GP	\$0

10. New Program - County Road Commission Audits

The budget provides \$310,000 and authorization for 3.0 FTEs to implement recent revisions to 1951 PA 51 requiring the Department to conduct performance audits of county road commissions and city and villages regarding the use of state transportation funds.

FTEs	3.0
Gross	\$310,000
GF/GP	\$310,000

11. Funding Shifts

The budget contains two funding shifts, totaling \$3.3 million, which reduce the GF/GP appropriation. For FY 1999-2000, \$3.0 million in delinquent property tax revenue replaces GF/GP support for administration of the property tax program. Also, \$310,000 in federal revenue replaces GF/GP support for the tax enforcement program line. These adjustments do not affect the Gross appropriation level.

FTEs	0.0
Gross	\$0
GF/GP	(\$3,349,700)

ECONOMICS: FY 1999-2000

1. Standard Economic Adjustments

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurances for employees, retirement, building occupancy charges, private rent, motor transport, and worker's compensation.

Gross	\$4,423,000
GF/GP	\$1,216,000

2. Unclassified Salaries

The budget includes an additional \$21,800 to provide a 3% salary increase for the Department's unclassified employees.

Gross	\$22,400
GF/GP	\$22,400

MAJOR BOILERPLATE CHANGES: FY 1999-2000

1. Money Managers

Modified language eliminates the restriction of using outside money managers only for the management of the retirement funds' international portfolios. Revised language permits the State Treasurer to use outside managers for the management of all retirement portfolios. The modified language also requires a report on the performance of each outside money manager (Sec. 903).

2. Federal Fuel Dye Program Report

New language requires the Department to submit a report on state implementation of the federal Fuel Dye System program (Sec. 934).

3. Casino Gaming Employees

The budget removes current-year language prohibiting casino gaming oversight employees from being employed by a licensed gaming establishment until at least two years after termination of employment with the Department (current-year Sec. 959).

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

1. Tax Technology Investment Plan

A \$5.3 million GF/GP supplemental appropriation is provided for the Department's Tax Technology Investment Plan, designed to enhance the state's tax administration system. The total project cost for the plan is \$73.0 million over the next five years. This investment is expected to achieve greater consistency and fairness, improve customer service, and add over \$250.0 million in new revenue over the five-year period and over \$100.0 million annually thereafter.

FTEs	0.0
Gross	\$5,300,000
GF/GP	\$5,300,000

2. Presidential Primary

A \$6.0 million GF/GP supplemental appropriation is provided to reimburse local units of government for costs incurred administering the 2000 presidential primary.

FTEs	0.0
Gross	\$6,000,000
GF/GP	\$6,000,000

3. Funding Shift

Contained within a FY 1998-99 supplemental appropriation is a \$3.0 million funding shift, replacing GF/GP with an equal amount of restricted delinquent property tax revenue to support the Department's property tax program. A permanent funding shift is recommended for the FY 1999-2000 budget. This shift does not affect the Gross appropriation level.

FTEs	0.0
Gross	\$0
GF/GP	(\$3,000,000)

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

4. Public School Academy Loan Reserve Fund

A \$5.0 million GF/GP supplemental appropriation is provided to secure obligations issued by the Michigan Municipal Bond Authority to make capital and operational loans to public school academies.

FTEs	0.0
Gross	\$5,000,000
GF/GP	\$5,000,000

5. Cigarette Tax Stamps

Funding and FTE authorizations are provided in a FY 1998-99 supplemental appropriation for the cigarette tax stamping program. The funding will support tax stamp purchases, distribution, and reconciliation activities, as well as some enforcement activities.

FTEs	2.0
Gross	\$1,400,000
GF/GP	\$1,400,000

BUREAU OF STATE LOTTERY

PUBLIC ACT 124 OF 1999

Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	203.0	203.0	0.0	0.0
GROSS	\$33,853,600	\$36,152,100	\$2,298,500	6.8
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$33,853,600	\$36,152,100	\$2,298,500	6.8
FEDERAL	0	0	0	0.0
LOCAL	0	0	0	0.0
PRIVATE	0	0	0	0.0
OTHER	33,853,600	36,152,100	2,298,500	6.8
GF/GP	\$0	\$0	\$0	0.0

SB 366

Referred to Appropriations
2/23/99

Passed Senate
3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

2nd Conference
Approved by House
6/17/99

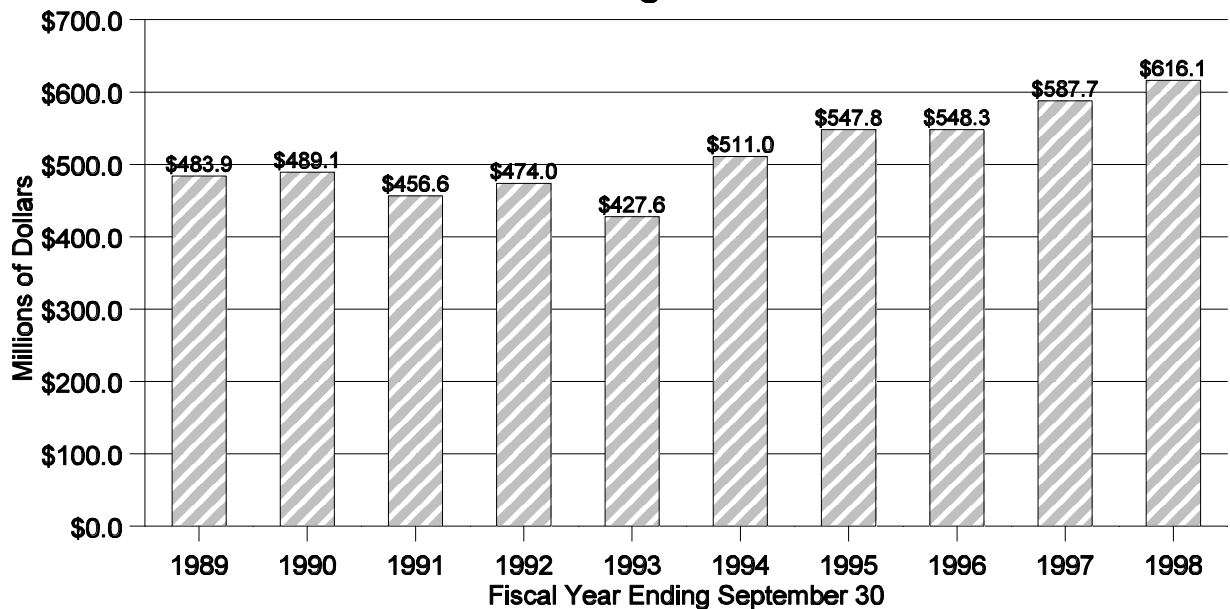
Effective
7/23/99

OVERVIEW - BUREAU OF STATE LOTTERY

The Bureau of State Lottery is a Type 1 agency within the Department of Treasury. Under the direction of the Lottery Commissioner, the Bureau administers all state lottery games and regulates bingo and forms of charitable gaming. The mission of the Bureau is to maximize net revenues for the School Aid Fund for K-12 education.

The FY 1999-2000 budget provides an increase of 6.8% over current-year appropriation levels for the Bureau of State Lottery. All operations of the Bureau are financed by revenues from lottery game sales without any General Fund support.

Net Lottery Revenues to the School Aid Fund FY 1988-89 through FY 1997-98



Source: Bureau of State Lottery

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Lottery Advertising and Promotion

The FY 1999-2000 budget increases the advertising and promotion allocation by \$2.0 million. Total advertising and promotion budget appropriated for FY 1999-2000 is \$18.4 million.

Change from FY 1998-99

FTEs	0.0
Gross	\$2,000,000
GF/GP	\$2,000,000

General Government - State Lottery

ECONOMICS: FY 1999-2000

Standard Economic Adjustments

The budget includes a net increase for standard economic adjustments associated with salaries and wages, insurances for employees, retirement, building occupancy charges, motor transport, and worker's compensation.

FTEs	0.0
Gross	\$319,100
GF/GP	\$0

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

None

<h1 style="margin: 0;">TREASURY -</h1> <h1 style="margin: 0;">REVENUE SHARING/DEBT SERVICE</h1> <h2 style="margin: 0;">PUBLIC ACT 124 OF 1999</h2>
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Analyst: Craig Thiel

	FY 1998-99 YEAR-TO-DATE APPROPRIATIONS	FY 1999-2000 ENACTED APPROPRIATIONS	FY 1999-2000 ENACTED CHANGE FROM FY 1998-99	
			AMOUNT	PERCENT
FTE POSITIONS	0.0	0.0	0.0	0.0
GROSS	\$1,480,717,500	\$1,563,117,500	\$82,400,000	5.6
IDG/IDT	0	0	0	0.0
ADJUSTED GROSS	\$1,480,717,500	\$1,563,117,500	\$82,400,000	5.6
FEDERAL	0	0	0	0.0
LOCAL	700,000	700,000	0	0.0
PRIVATE	0	0	0	0.0
OTHER	1,380,700,000	1,462,500,000	81,800,000	5.9
GF/GP	\$99,317,500	\$99,917,500	\$600,000	0.6

SB 366

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3/25/99

Passed House
5/26/99

2nd Conference
Approved by Senate
6/16/99

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Approved by House
6/17/99

Effective
7/23/99

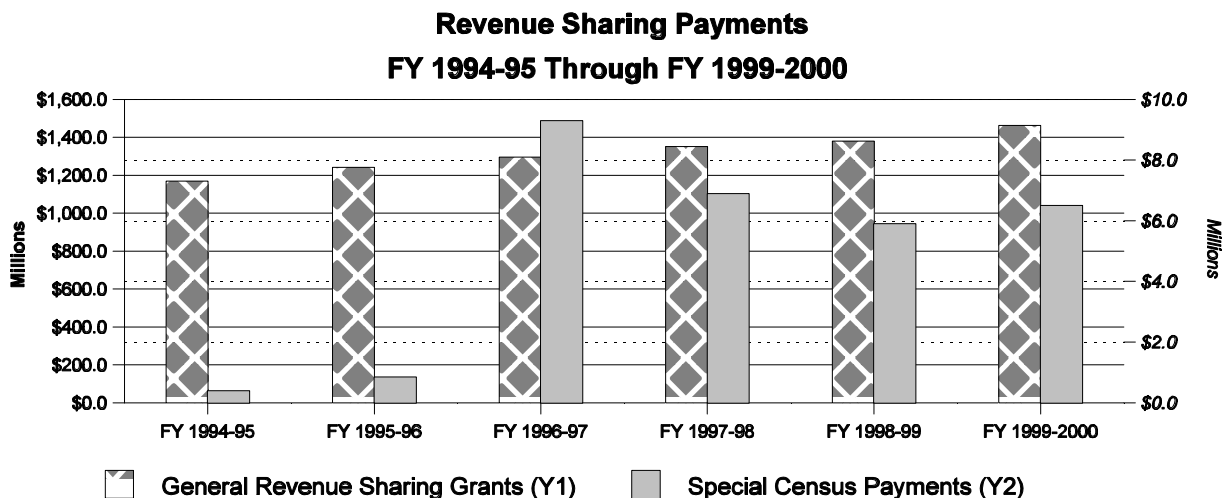
OVERVIEW - DEPARTMENT OF TREASURY REVENUE SHARING/DEBT SERVICE

The Department of Treasury administers the various revenue sharing programs to local units of government. The FY 1999-2000 budget provides for three distinct revenue sharing programs: (1) constitutional state general revenue sharing grants, (2) statutory state general revenue sharing grants, and (3) special census revenue sharing payments. The FY 1998-99 budget reflected the first comprehensive revision to the statutory revenue sharing distribution formula in nearly 30 years. Beginning with the FY 1998-99 budget, the City of Detroit's payments are frozen at \$333.9 million and other local jurisdictions receive payments based on three formula components; size and type of community, tax value, and tax yield. The new formula caps annual increases at an aggregate growth rate of 8%, except those communities who experience a population increase of 10% or more in the 2000 census.

The FY 1999-2000 payments will be distributed using the new statutory formula put in place during FY 1998-99. Over \$1.4 billion is appropriated for constitutional/statutory general revenue sharing payments. The budget includes an additional \$81.8 million for these payments, representing an increase of 5.9% over FY 1998-99 levels. It is estimated that this appropriation is sufficient to fund all qualifying local jurisdictions at the statutory 8% aggregate cap.

The budget increases the appropriation for special census revenue sharing payments for the fastest growing communities by \$1.0 million. This increase, combined with a \$400,000 FY 1998-99 supplemental appropriation, fully funds special census revenue sharing payments in FY 1999-2000.

Debt service for three general obligation bond programs also appears in the Department of Treasury's budget: Water Pollution Control Bonds, School Bond Loans, and Quality of Life Bonds. Aggregate debt service is unchanged from FY 1998-99 levels under these three programs.



Source: House Fiscal Agency

MAJOR BUDGET CHANGES: FY 1999-2000

Budget Issue

Change from FY 1998-99

1. Constitutional Revenue Sharing Grants

The FY 1999-2000 budget increases aggregate constitutional/statutory revenue sharing payments by 5.9%, or \$81.8 million, over current-year levels. It is estimated that this funding level is sufficient to provide all qualifying local jurisdictions with the statutory maximum increase of 8% in total revenue sharing payments in FY 1999-2000. Based on the total increase for revenue sharing, constitutional payments are increased by \$27.8 million to reflect the most recent payment estimates under this component. The total appropriation for constitutional payments to cities, villages, and townships is \$607.2 million.

FTEs 0.0
Gross \$27,830,000
 GF/GP \$0

2. Statutory General Revenue Sharing Grants

Of the total \$81.8 million increase, nearly \$54.0 million will be distributed under the statutory component. The FY 1999-2000 budget marks the second year in which statutory revenue sharing payments will be distributed based on the revised formula. Under this formula, the City of Detroit's total revenue sharing payments are frozen at \$333.9 million and all other cities, villages, and townships receive statutory payments based on the size and type of community, taxable value, and tax yield. It is estimated that the total revenue sharing appropriation is sufficient to fully fund all jurisdictions up to the 8% cap provided in law. The total appropriation for statutory revenue sharing grants to counties, cities, villages, and townships is \$855.3 million in FY 1999-2000.

FTEs 0.0
Gross \$53,970,000
 GF/GP \$0

3. Special Census Revenue Sharing Grants

The FY 1999-2000 budget includes an additional \$1.0 million (GF/GP) to satisfy special census revenue sharing payments to qualified local units. June 30, 1997, was the last day local units could qualify for special census payments; therefore, this increase represents the expected growth in payments for those units that have qualified. Total funding recommended for this program in FY 1999-2000 is \$6.5 million. It is estimated that this additional funding in FY 1999-2000, combined with a \$400,000 FY 1998-99 supplemental appropriation, will be sufficient to fully fund payments under this program.

FTEs 0.0
Gross \$1,000,000
 GF/GP \$1,000,000

ECONOMICS: FY 1999-2000

None

MAJOR BOILERPLATE CHANGES: FY 1999-2000

None

General Government - Treasury Revenue Sharing/Debt Service

VETOES: FY 1999-2000

None

REVENUE INCREASES: FY 1999-2000

None

SUPPLEMENTAL APPROPRIATIONS: FY 1998-99

Special Census Revenue Sharing Grants

A \$400,000 GF/GP supplemental is provided to fund payments to qualifying local units. This appropriation, combined with the increase provided in the FY 1999-2000 budget, will fully fund special census revenue sharing payments.

FTEs	0.0
Gross	\$400,000
GF/GP	\$400,000